# XVIII

## THE REGULATION OF THE CURRENCY

*February*, 1919

Macaulay on Depreciated Currency—Its Evils To-day—The Plight of the Rentier—Mr Goodenough's Suggestion—Sir Edward Holden's Criticisms of the Currency Committee—His Scheme of Reform—Two Departments or One in the Bank of England?—Not a Vital Question—The Ratio of Notes to Gold—Objections to a Hard-and-fast Ratio—The Limit on Note Issues—The Federal Reserve Act and American Optimism—Currency and Commercial Paper—A Central Gold Reserve with Central Control.

EVERYONE has read, and most of us have forgotten, the great passage in Macaulay's history which describes the evils of a disordered currency. "It may well be doubted," he says, "whether all the misery which had been inflicted on the English nation in a quarter of a century by bad Kings, bad Ministers, bad Parliaments and bad judges was equal to the misery caused in a single year by bad crowns and bad shillings. . . . While the honour and independence of the State were sold to a foreign Power, while chartered rights were invaded, while fundamental laws were violated, hundreds of thousands of quiet, honest and industrious families laboured and traded, ate their meals and lay down to rest in comfort and security. Whether Whigs or Tories, Protestants or Jesuits were uppermost, the grazier drove his beasts to market, the grocer weighed out